



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CAMPBELL COUNTY SHERIFF**

Calendar Year 1998

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Steven Pendery, County Judge/Executive
Honorable John D. Dunn, Campbell County Sheriff
Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts and disbursements of the Sheriff of Campbell County, Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1998. These financial statements are the responsibility of the Sheriff. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 1998, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Steven Pendery, County Judge/Executive
Honorable John D. Dunn, Campbell County Sheriff
Members of the Campbell County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 27, 1999, on our consideration of the Sheriff's compliance with laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 27, 1999

CAMPBELL COUNTY
JOHN D. DUNN, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS

December 31, 1998

Receipts

State Fees for Services	\$ 124,679
Circuit Court Clerk	74,251
Fiscal Court	10,000
County Clerk	22,432
Commission on Taxes	896,145

Fees Collected for Services:

Auto Inspections	\$ 41,210	
Serving Papers	73,080	
Carrying Concealed Deadly Weapon Permits	10,245	
Sheriff's Advertising Fees	<u>832</u>	\$ 125,367

Other Receipts:

Sheriff's Bond Refund	\$ 457	
Workers' Compensation Refunds	2,323	
KLEFPF Refunds	15,250	
Transportation	18,349	
Interest Earned	<u>29,166</u>	<u>65,545</u> <u>190,912</u>

Gross Receipts	\$ 1,318,419
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Disbursements

Payments to State:

Concealed Weapon License Fees	\$ 7,005
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Other Disbursements:

Postage	\$ 10,000	
Petty Cash Turned Over	8,000	
Miscellaneous	<u>1,100</u>	<u>19,100</u>

Total Disbursements	<u>26,105</u>
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JOHN D. DUNN, SHERIFF
STATEMENT OF RECEIPTS AND DISBURSEMENTS
December 31, 1998
(Continued)

Net Receipts		\$ 1,292,314
Payments to State Treasurer:		
75% Operating Fund	\$ 1,032,735 *	
25% County Fund	<u>259,579</u>	<u>1,292,314</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

* Includes reimbursed expenses in the amount of \$253,996 for the audit period.
See Note 1B of Notes to Financial Statements.

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
JOHN D. DUNN, SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

December 31, 1998

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 1998	\$ 461,010	\$ 168,906	\$ 629,916
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	1,032,735		1,032,735
Fees Paid to State - County Funds (25%)		259,579	259,579
Total Funds Available	<u>\$ 1,493,745</u>	<u>\$ 428,485</u>	<u>\$ 1,922,230</u>
<u>Disbursements</u>			
Campbell County Government	\$ 358,603	\$ 428,485	\$ 787,088
Personnel Services-			
Officials Statutory Maximum	48,726		48,726
Deputies Salaries	532,440		532,440
Employee Benefits-			
Social Security	43,329		43,329
Retirement	68,531		68,531
Health Insurance	42,962		42,962
Dental and Life Insurance	6,088		6,088
Unemployment	994		994
Contracted Services-			
Service Contracts	901		901
Vehicle Maintenance and Repairs	37,209		37,209
Materials and Supplies			
Office Materials and Supplies	52,753		52,753
Uniforms	9,069		9,069
Deputy Supplies	14,725		14,725

JOHN D. DUNN, SHERIFF

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND FUND BALANCES OF THE
SHERIFF'S OPERATING FUND AND COUNTY FUND WITH THE STATE TREASURER

December 31, 1998

(Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements (Continued)</u>			
Other Charges-			
Telephone	\$ 9,892	\$	\$ 9,892
Dues	3,041		3,041
Postage	1,107		1,107
Annex Rent	1,703		1,703
Computer Expense	753		753
Bond	457		457
Insurance	35,274		35,274
Legal Services	5,100		5,100
Conventions and Travel	963		963
Miscellaneous	26,342		26,342
Capital Outlay-			
Office Equipment	110,723		110,723
Vehicles	82,060		82,060
Total Disbursements	<u>\$ 1,493,745</u>	<u>\$ 428,485</u>	<u>\$ 1,922,230</u>
Fund Balance - December 31, 1998	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY
JOHN D. DUNN, COUNTY CLERK OR SHERIFF
NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and periodically paid to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

B. Basis of Accounting

The financial statements have been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are receipted in the 75 percent fund.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CAMPBELL COUNTY
JOHN D. DUNN, SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1998
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 1998 deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Steven Pendery, County Judge/Executive
Honorable John D. Dunn, Campbell County Sheriff
Members of the Campbell County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the Campbell County Sheriff as of December 31, 1998, and have issued our report thereon dated September 27, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Campbell County Sheriff's financial statements as of December 31, 1998, are free of material misstatement, we performed tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Campbell County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Steven Pendery, County Judge/Executive
Honorable John D. Dunn, Campbell County Sheriff
Members of the Campbell County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett
Auditor of Public Accounts

Audit fieldwork completed -
September 27, 1999

